

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 2822 – SB 2839**

June 4, 2010

**SUMMARY OF AMENDMENTS (019403, 019454):** Amendment 019403 deletes the language of the original bill. Expands the meaning of call center to include, but not be limited to, business entities that perform data entry services, electronic governmental transfers, or other electronic, telephone and telecommunication services, as it applies to the requirement where the Commissioner of Finance and Administration shall authorize a preference in the evaluation of proposals for state contracts with vendors who solely provide such services utilizing citizens of the United States or persons authorized to work in the United States. Requires bidders seeking this preference to supply supporting documentation as the state may require certifying that it will provide call center services solely by citizens of the United States or by persons authorized to work in the United States.

Amendment 019454 requires all counties and municipalities in the state to have an effective flood insurance rate map or flood hazard boundary map that identifies a special flood hazard area within 24 months from the effective date of any future flood insurance rate map or flood hazard boundary map published by the Federal Emergency Management Agency (FEMA) to meet the requirements of participation in the National Flood Insurance Program.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures – Exceeds \$100,000/Over Time

Increase Local Expenditures – Exceeds \$50,000/Over Time\*

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

Increase State Expenditures – Not Significant

Increase Local Expenditures – Exceeds \$110,000/Recurring\*

Assumptions applied to amendments:

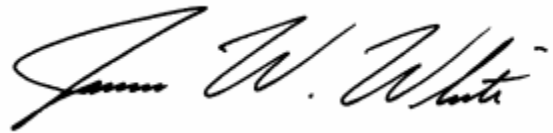
- Enactment of this bill as amended will not exclude vendors from submitting requests for proposals for providing services to state or local government.
- Any change to competition among prospective vendors is estimated to be not significant.
- Any change to proposed bid prices submitted by prospective vendors is estimated to be not significant.
- Any net change to state or local government expenditures as a result of changes to bid prices is estimated to be not significant.
- Any increase to state expenditures for the Commissioner of Finance and Administration to conduct additional preference evaluations is estimated to be not significant.
- According to the Department of Economic and Community Development (ECD), participation in the National Flood Insurance Program (NFIP) is currently a voluntary partnership between municipal and county governments where the local legislative body agrees to manage potential flood risk that is identified on the FEMA Flood Insurance Risk Maps and Flood Hazard Boundary Maps. The provisions of the bill will make participation in this partnership mandatory for any local government that have identified special flood hazard areas within their corporate boundaries.
- There are approximately 80 municipalities and 11 counties that are not currently participating. According to ECD, all 11 counties and an unknown number of the 80 municipalities will have to participate in the partnership.
- ECD currently has adequate staff to provide model ordinances and assistance to any county or municipality that will have to participate. There will not be a significant increase in expenditures to ECD.
- According to ECD, each local government that has to participate will be required to administer flood plain management regulations with a designated administrator, a construction or building permit system, record keeping system, and site inspections for construction location and technique. The cost to local governments is estimated to range from \$0 to \$20,000 depending on the current building and development enforcement program that is in place.
- Based on information collected from the non-participating counties, it is estimated that at least nine of the eleven counties will need resources to participate in this program. It is assumed that the increase in local government expenditures will exceed \$90,000 (9 counties x \$10,000) which is based on an increase in expenditures on average of \$10,000 for at least eight counties that are not currently participating.
- There are an unknown number of municipalities that will have to participate, but it is reasonably estimated that some of the 80 municipalities not currently participating will be identified by FEMA to have a special flood hazard area and will be required to meet the provisions of the bill as amended.

- While an exact amount cannot be quantified, it is estimated that at least one-fourth, or 20 municipalities, will not have the resources to participate and will incur an increase in expenditures of at least \$1,000 to participate in the program resulting in an increase in expenditures that exceeds \$20,000 (20 x \$1,000).

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml